

Message Text

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PAGE 01 COLOMB 02997 302155Z
ACTION NEA-11

INFO OCT-01 AF-10 EUR-12 IO-13 ISO-00 SS-15 SP-02
NSC-05 H-01 CIAE-00 DODE-00 INR-10 NSAE-00 PA-01
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R 301101Z JUN 78
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 723
INFO AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY NAIROBI
USMISSION GENEVA

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E.O. 11652: N/A
TAGS: EFIN, EAID, CE

SUBJ: PRESS REPORTS BRITAIN WRITES OFF SRI LANKA DEBT

BEGIN UNCLASSIFIED:

1. ALL THREE ENGLISH LANGUAGE MORNING NEWSPAPERS ON JUNE 30
CARRIED FRONT PAGE STORIES QUOTING STATEMENT BY TRADE MINISTER
ATHULATHMUDALI THAT BRITAIN HAS WRITTEN OFF \$5.4 MILLION IN
SRI LANKA'S DEBTS. THE MINISTER SAID THE BRITISH GOVERNMENT
HAD FORGIVEN DEBTS TOTALING 1.2 BILLION POUNDS STERLING OWED
BY FIVE COUNTRIES -- KENYA, INDIA, BANGLADESH, PAKISTAN, AND
SRI LANKA. MINISTER ATHULATHMUDALI, WHO WAS CHAIRMAN OF THE
MARCH UNCTAD MINISTERIAL IN GENEVA, SAID BRITAIN'S ACTION WAS
TAKEN IN RESPONSE TO THE MINISTERIAL RESOLUTION. HE EXPRESSED
THE HOPE THAT OTHER CREDITOR COUNTRIES SUCH AS FRANCE, BEL-
GIUM, JAPAN AND GERMANY WOULD FOLLOW SUIT. NO MENTION WAS
MADE OF THE UNITED STATES.

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2. THE PRESS REPORTS WERE NEWS TO THE BRITISH HIGH COMMISSION
WHICH WAS UNAWARE THAT ANY ACTION HAD BEEN TAKEN TO FORGIVE
SRI LANKA'S DEBTS. PRESS REPORTS IMPLY THAT \$5.4 MILLION IS
ALL SRI LANKA OWES BRITAIN; ACTUAL DEBT IS APPROXIMATELY \$30

MILLION. OFFICIALS OF THE MINISTRY OF TRADE AND OF THE EXTERNAL RESOURCES DIVISION OF THE MINISTRY OF FINANCE AND PLANNING COULD NOT CONFIRM THE MINISTER'S STATEMENTS. EXTERNAL RESOURCES SAID THAT NO FORMAL NOTIFICATION HAS BEEN RECEIVED FROM THE BRITISH GOVERNMENT ABOUT THE DEBT WRITE-OFF.

3. EMBASSY COMMENT: SRI LANKAN MINISTERS HAVE A TENDENCY TO MAKE PUBLIC STATEMENTS WHICH HAVE LITTLE BASIS IN REALITY. ATHULATHMUDALI, HOWEVER, IS ONE OF THE BRIGHTEST AND MOST CAPABLE MEMBERS OF THE CABINET, AND HE MAY BE REPORTING A PRIVATE COMMITMENT RECEIVED IN GENEVA.
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LEVIN

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NNN

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Disposition Approved on Date:
Disposition Case Number: n/a
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